

Quantum Energy Limited and Controlled Entities
ABN: 19 003 677 245

Interim Financial Report

Appendix 4D

Half-Year Report

Period ended 31 December 2013

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2013 and includes comparative information for the half-year ended 31 December 2012.

Results for Announcement to the market

	Half-year ended 31 December 2013 \$	Half-year ended 31 December 2012 \$	Amount change \$	% change
Revenue from ordinary activities	17,811,183	23,114,023	(5,302,840)	-23%
Profit (Loss) from continuing operations after tax attributed to members	746,701	440,470	306,231	70%
Loss from discontinued activities after tax attributed to members	(5,764)	(52,230)	46,466	-89%
Profit (Loss) for the period attributed to members	740,937	388,140	352,797	91%

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2013.

Net tangible assets per security

	As at 31 December 2013 cents	As at 30 June 2013 cents
Net tangible assets per ordinary share	1.13	0.99

Controlled entities

No controlled entities were acquired or disposed of during the period.

Associates and joint venture entities

No associates or joint venture entities were acquired or disposed of during the period.

Review report

This report is based on accounts which have been reviewed.

Refer to the half-yearly financial report attached.



Quantum Energy Limited

A.B.N. 19 003 677 245

And its controlled entities

**Half-Yearly Report
31 December 2013**

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2013.

Directors

The names of the directors who held office during or since the end of the half-year are:

Phillip Sidney, Managing Director
Drew Townsend, Chairman
John Walstab, Director

Review of Operations

The Environmental Services Division continued to be impacted by the reduction in the level of government assistance provided to consumers in the renewable energy sector and the division has restructured to accommodate reduced sales activity. However there has been a recent improvement in sales activity and the Group expects the results for the Environmental Services Division to improve in the second half of the year.

The high end Medical Distribution Division had a strong first half with good sales. The Group expects the sales activity to continue in the second half of the year.

The Investment Division results are primarily impacted by the sale of Renewable Energy Certificates (RECs) at market prices. These prices tend to fluctuate as demand changes and impact the results accordingly.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded to the nearest \$1,000.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2013 is set out on page 2.

This report is signed in accordance with a resolution of the Board of Directors.



Director Drew Townsend

Dated: 28 February 2014

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Quantum Energy Limited:

As lead auditor for the review of Quantum Energy Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Quantum Energy Limited and the entities it controlled during the period.



A G Smith
Partner

Sydney
28 February 2014

Quantum Energy Limited and Controlled Entities
ABN: 19 003 677 245

Interim Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31/12/2013	31/12/2012
	\$000	\$000
Notes		
Revenue from continuing activities	17,811	23,114
Cost of Sales	(10,180)	(13,058)
Advertising and promotion expenses	(38)	(127)
Depreciation and amortisation expense – non-manufacturing	(147)	(214)
Employee benefits expense	(4,100)	(5,300)
Finance costs	(379)	(337)
Insurance	(116)	(122)
Motor vehicle expenses	(203)	(425)
Occupancy (rent) expenses	(627)	(919)
Research and development expenditure	(168)	(368)
Travel expenses	(571)	(510)
Telephones & internet	(124)	(225)
Foreign Exchange	(80)	312
Profit on disposal of Renewable Energy Certificates	298	151
Fair value loss on financial assets (Renewable Energy Certificates)	(42)	(148)
Share of profit in associate 8	516	-
Other expenses	(813)	(1,337)
Profit from Continuing Operations before income tax	1,037	487
Income tax (expense) credit	(291)	(47)
Net profit from Continuing Operations	746	440
(Loss) from Discontinued Operations	(6)	(53)
Net profit after tax	740	387
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation of foreign subsidiaries	349	(212)
Total comprehensive income for the period	1,089	175
Earnings /(loss) per share from continuing operations attributable to the ordinary equity holders of the company		
Basic earnings per share (cents per share)	0.07	0.04
Diluted earnings per share (cents per share)	0.07	0.04
Earnings /(loss) per share for loss attributable to the ordinary equity holders of the company		
Basic earnings per share (cents per share)	0.07	0.04
Diluted earnings per share (cents per share)	0.07	0.04

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Quantum Energy Limited and Controlled Entities
ABN: 19 003 677 245

Interim Financial Report

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	Consolidated	
		31/12/2013 \$000	30/06/2013 \$000
CURRENT ASSETS			
Cash and cash equivalents		5,852	4,338
Trade and other receivables		4,499	3,738
Inventories		13,803	13,385
Financial assets		1,452	1,150
Other current assets		978	1,036
TOTAL CURRENT ASSETS		26,584	23,647
NON-CURRENT ASSETS			
Financial assets		3,246	2,671
Investment accounted for using equity method	8	552	36
Property, plant and equipment		923	1,046
Deferred tax assets		7,276	7,568
Intangible assets		11,955	11,955
Other		109	109
TOTAL NON-CURRENT ASSETS		24,061	23,385
TOTAL ASSETS		50,645	47,032
CURRENT LIABILITIES			
Trade and other payables		13,171	9,924
Borrowings		3,008	3,713
Short term provisions		1,546	1,665
TOTAL CURRENT LIABILITIES		17,725	15,302
NON-CURRENT LIABILITIES			
Borrowings		2,075	1,984
Employee benefits		140	130
TOTAL NON-CURRENT LIABILITIES		2,215	2,114
TOTAL LIABILITIES		19,940	17,416
NET ASSETS		30,705	29,616
EQUITY			
Issued capital		83,789	83,789
Reserves		972	623
Retained earnings (accumulated losses)		(54,056)	(54,796)
TOTAL EQUITY		30,705	29,616

The above balance sheet should be read in conjunction with the accompanying notes

Quantum Energy Limited and Controlled Entities
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Interim Financial Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Ordinary Share Capital	Option Reserve	Undistributable Profits Reserve	Exchange Translation Reserve	Retained Profits (Losses)	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Consolidated						
Balance at 1 July 2012	83,789		504	(558)	(54,388)	29,347
Total comprehensive income (loss) for the period	-	-	-	(212)	387	175
Balance at 31 December 2012	83,789	-	504	(770)	(54,001)	29,522
Balance at 1 July 2013	83,789	-	504	119	(54,796)	29,616
Total comprehensive income (loss) for the period	-	-	-	349	740	1,089
Balance at 31 December 2013	83,789	-	504	468	(54,056)	30,705

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Quantum Energy Limited and Controlled Entities
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Interim Financial Report

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31/12/2013	31/12/2012
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	19,068	24,429
Receipts from legal case settlement	56	56
Payments to suppliers and employees	(16,371)	(24,135)
Interest received	11	50
Finance costs	(194)	(458)
Income tax paid	-	(149)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	2,570	(207)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	24	401
Purchase of property, plant and equipment	(49)	(32)
Dividends received from unrelated entity	4	3
Payments for financial assets	(604)	(1,182)
Proceeds from sale of financial assets	1,130	1,052
Payment for acquisition of investment in associate	-	(257)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	505	(15)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans (advanced)/repayments received	(428)	(338)
Repayment of borrowings	(222)	(585)
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Net cash provided by (used in) financing activities	(650)	(923)
	<hr/>	<hr/>
Net increase/(decrease) in cash held	1,909	(1,145)
Cash at beginning of period	1,457	3,433
	<hr/>	<hr/>
Cash at end of period	3,366	2,288
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Cash balance made up of:		
Cash at Bank	5,852	4,639
Overdraft	(2,486)	(2,351)
	<hr/>	<hr/>
	3,366	2,288
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Quantum Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2013 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected current assets, non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The group's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in future half-year report.

NOTE 2: DIVIDENDS

No amounts have been paid, declared or recommended by the company by way of dividend since the commencement of the financial period (2012: Nil).

NOTE 3: DISCONTINUED OPERATIONS

	31/12/2013	31/12/2012
	\$ 000	\$ 000
(a) Financial Performance Information		
Financial Performance information in relation to Discontinued operation as described in (e) below		
Revenue	-	11
Expenses	(8)	(86)
Net Loss before Income Tax	(8)	(75)
Income Tax credit	(2)	(22)
Loss after income tax from Discontinued Operations	(6)	(53)
(b) Cash Flow information		
Cash flow information in relation to Discontinued operation as described in (e) below		
Net Cash (out) flow from Operating Activities	(2)	(16)
Net Cash (out) flow from Investing Activities	-	-
Net Cash (out) flow from Financing Activities	-	-

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 3: DISCONTINUED OPERATIONS (continued)

(c) Discontinued Operation

On 30 June 2011 the Company closed down its retail Solar Power Division. During the year ended 30 June 2013 the company sold its remaining assets and settled the liabilities attributable to this division. Some minor costs were incurred in relation to this division during the half-year ended 31 December 2013.

Quantum Energy Limited and Controlled Entities
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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 4: SEGMENT INFORMATION

	Environmental Services		Medical		Investments		Unallocated		Eliminations		Consolidated-Continuing Operations	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue	4,962	8,996	11,673	13,062	1,027	972	149	84	-	-	17,811	23,114
Profit/(Loss)	(1,121)	(469)	1,465	1,288	757	3	(283)	(382)	(72)	-	746	440

	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Segment assets	11,747	13,282	26,849	22,231	1,830	1,200	16,645	8,874	(6,426)	1,445	50,645	47,032
Segment liabilities	5,332	4,613	10,135	7,907	-	-	4,423	3,796	50	1,100	19,940	17,416

	Discontinued Operations		Consolidated	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$ 000	\$ 000	\$ 000	\$ 000
Total revenue	-	11	17,811	23,125
Profit/(Loss)	(6)	(53)	740	387

	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
Segment assets	-	-	50,645	47,032
Segment liabilities	-	-	19,940	17,416

The entity operates in three business segments, being the manufacturing and distribution of energy saving heat pump technology, hot water and heat/cooling systems, the distribution of high-end medical products and investments in Renewable Energy Certificates and other assets.

The Discontinued Operations segment is the retail Solar Division which was distributing and installing photovoltaic products to consumers. This division was closed in June 2011.

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 5: CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities.

NOTE 6 EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of the affairs of the consolidated entity in future financial periods.

NOTE 7: IMPAIRMENT

Goodwill has been tested for impairment at 31 December 2013 and the Directors believe no adjustment is required in relation to the carrying value of goodwill as at 31 December 2013.

NOTE 8 Investment accounted for using the equity method

31/12/2013 30/06/2013

Information in relation to Associate

(i) Name: Manly Warringah Sea Eagles Limited

(ii) Ownership interest:

37%

37%

The group's share of the results of its associate and its aggregate assets and liabilities are as follows:

	Ownership interest %	Assets \$ 000	Liabilities \$ 000	Revenue \$ 000	Profit (Loss) \$ 000
31/12/2013 Manly Warringah Sea Eagles Limited	37%	1,142	1,782	3,605	516
30/06/2013 Manly Warringah Sea Eagles Limited	37%	867	2,023	5,643	(439)

Share of contingent liabilities of associate is \$ Nil (30 June 2013 \$ Nil).

Interim Financial Report

DIRECTORS' DECLARATION

In the opinion of the directors,

1. The financial statements and notes, as set out on pages 3 to 10 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. giving a true and fair view of the consolidated group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that Quantum Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Director: Drew Townsend
Dated: 28 February 2014

QUANTUM ENERGY LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantum Energy Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Quantum Energy Limited ("the company") which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

QUANTUM ENERGY LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Basis for Qualified Conclusion

The consolidated entity has recognised deferred tax assets of \$7,276,000 in its balance sheet as at 31 December 2013, which are attributable to tax losses and deductible temporary differences. We were unable to obtain sufficient appropriate evidence that the consolidated entity will generate sufficient future taxable profits against which the tax losses and deductible temporary differences can be utilised, and therefore we were unable to obtain sufficient appropriate evidence of the recoverable amount of the deferred tax assets at 31 December 2013. Consequently, we were unable to determine whether any adjustments to the deferred tax assets were necessary.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effect on the financial statements of the matter referred to in the Basis for Qualified Conclusion paragraph above, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Sydney, NSW
28 February 2014

A handwritten signature in black ink that reads 'A G Smith'.

A G Smith
Partner